Ministry of
Agriculture

2012/13
Annual Service Plan Report

BRITISH
COLUMBIA

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Published by the Ministry of Agriculture

Message from the Minister and Accountability Statement

The Ministry of Agriculture 2012/13 – 2014/15 Service Plan outlined how the Ministry would support the agricultural and food sector in its sustainable growth so it could contribute positively to the economic diversity and well-being of the Province of B.C. This annual report demonstrates we have met that commitment and outlines our many accomplishments during the fiscal year ending March 31, 2013.

I am proud to be the Minister of Agriculture and lead a team of dedicated staff working to support B.C.'s farming community and agrifoods sector. Family farms are the heart of B.C. food production, with nine out of ten B.C. farms being family-owned and operated. Farmers work hard to produce the fresh and healthy foods we serve our families. Almost 50 per cent of the food consumed in B.C. is produced right here in the province, and more and more agri-entrepreneurs are choosing B.C. to turn their ideas and passion about food and agriculture into a business. *B.C. Agrifoods: A Strategy for Growth (http://www.gov.bc.ca/agri/down/bc_agrifoods_strategy.pdf)*, is part of *Canada Starts Here: The BC Jobs Plan*, and was released in the spring of 2012. The *Agrifoods Strategy*, has a target of growing agrifoods revenue to $14 billion a year by 2017. This five-year strategic plan sets out actions in three key areas of priority:

- focus on high quality and high value products;
- expand domestic and international markets;
- and enhance the industry's competitiveness.

Building the local market for B.C. foods is a key commitment of the Agrifoods Strategy. In August 2012, the Ministry announced a $2 million investment to help B.C. farmers and food processors launch or expand customized marketing campaigns to promote local foods. This initiative is an example of how government and the agrifoods industry work together to promote local foods and generate economic benefits for B.C.'s food producers and communities.

Working to help B.C. growers increase their competitiveness on the domestic and international stage is important too. Last year, the Province provided $7.6 million in temporary carbon tax relief to help offset carbon tax costs for the commercial greenhouse sector and Budget 2013 announced that carbon tax relief would be on-going. Providing the sector with carbon tax relief is one of 49 actions in the Agrifoods Strategy that will help ensure our greenhouse sector grows and supports valuable jobs and healthy communities.

B.C. agrifoods already have a worldwide reputation for high quality and value. By encouraging innovation and enhancing food safety protocols, we will help producers and processors turn their hard work into profitable and sustainable operations.

The basis of food production is farmland and our government has clearly demonstrated its support for agriculture and the work of the independent Agricultural Land Commission. Budget

2013 provided $2.9 million for 2013/14 operations plus increases of almost $3 million more over 2014/15 and 2015/16 to enable the Commission to provide increased oversight of the Agricultural Land Reserve.

Among other things, the budget increase will enable the Agricultural Land Commission to work more closely with farmers, ranchers and agricultural organizations to preserve agricultural land and encourage farming. The new funding will also result in increased compliance and enforcement activities, continued boundary reviews, digital conversion and mapping projects.

The B.C. government's new meat inspection system reinforces the province's reputation for safe and wholesome meat by continuing the current safeguards and inspection system in provincially licensed Class A and B abattoirs.

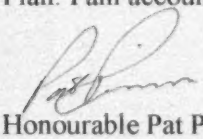
The new system follows extensive consultation with ranchers, abattoir operators, local governments and small-scale ranchers with licences to sell their meat at the farm gate. Abattoirs will continue to require the presence of a trained government meat inspector to inspect each animal (livestock) or flock (poultry) beforehand and each carcass after slaughter.

Partnerships with the federal government support growth in B.C.'s agrifoods sector. The federal, provincial and territorial governments recently announced Growing Forward 2, a renewed commitment to ensure productivity and profitability for Canada's agricultural sector. With a focus on innovation, competitiveness, and market development, Growing Forward 2 programs will help the industry seize future opportunities and realize its full potential as a major driver of the Canadian economy. Programs are tailored with the flexibility to meet B.C.'s diverse regional requirements. The B.C. Government will continue to consult with industry stakeholders to get their input on original and creative ideas and we will work with producers to expand sales and opportunities for B.C. farms and agri-businesses.

Responding to the Cohen Commission of Inquiry into the Decline of Sockeye Salmon in the Fraser River, the provincial government has accepted the intent of each of the eight Commission recommendations that directly reference the Province. In addition, consistent with the Commission's recommendations, the B.C. government's response notes the province has no intention of issuing any new tenure agreements for net-pen salmon farms in the Discovery Islands until Sept. 30, 2020.

B.C.'s agrifoods sector will play an important part in generating new jobs, stimulating investment and inciting growth across the province. Our role as government is to create an environment in British Columbia where agrifoods producers succeed. This report shows that we have a sustainable fiscal plan that supports our economy and our communities.

The Ministry of Agriculture 2012/2013 Annual Service Plan Report compares the actual results to the expected results identified in the Ministry of Agriculture 2012/13 – 2014/2015 Service Plan. I am accountable for those results as reported.



Honourable Pat Pimm

Minister of Agriculture

June 14, 2013

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Highlights of the Year

New *Growing Forward 2* agreement will help sector reach its potential

The B.C. Ministry of Agriculture (the Ministry) negotiated a new *Growing Forward 2 (Growing Forward 2 (APF) – British Columbia Ministry of Agriculture)* agreement in 2012/13 for implementation on April 1, 2013. *Growing Forward 2* is a renewed commitment by the Federal, Provincial and Territorial governments to ensure productivity and profitability for Canada's agricultural sector. With a focus on innovation, competitiveness, and market development, *Growing Forward 2* programs will help the industry seize future opportunities and realize its full potential as a major driver of the Canadian economy. Programs are also tailored with the flexibility to meet B.C.'s diverse regional requirements.

Under *Growing Forward 2*, $186 million of federal funding will be matched 60:40 with provincial funding to continue to deliver a complete and effective suite of Business Risk Management programs to help protect farmers against severe market volatility and disasters. In addition to funding for business risk management programs, *Growing Forward 2* will provide $69 million of federal funding, matched 60:40 with provincial funding, to support B.C.'s agrifoods sector in three key areas: innovation ($25 million), competitiveness and market development ($28 million), and adaptability and industry capacity ($16 million).

Ministry takes action on meat inspection in provincially licensed slaughter establishments

In the fall of 2012, the Ministry was delegated the responsibility for meat inspection in provincially-licensed slaughter establishments. As well, the Ministry will assume inspection of these establishments from the Canadian Food Inspection Agency when the Agency withdraws these services December 31, 2013. The Ministry undertook stakeholder consultations regarding these changes to meat inspection in B.C. The Meat Inspection Regulation was updated substantially and approved on February 22, 2013. Significant policy and procedural changes include:

- implementation of a provincial meat inspection system in provincially-licensed abattoirs that continues third party inspection emphasizing improved training for inspection staff on food safety and humane slaughter and written procedures for improved food safety and sanitation for abattoirs. An inspection audit program will be developed in 2014;
- development of a new on-farm food safety code of practice for Class D and E licences and mandatory humane slaughter training that will be implemented for new licenses and license renewals;
- a pilot project to issue five new Class E licenses in the Regional District of the North Okanagan that includes the above code of practice and humane slaughter training. The project will be evaluated after two years; and

- a mobile abattoir project that supports communities with an identified lack of slaughter capacity (in particular, 100 Mile House).

B.C. AGRIFOODS: a strategy for growth promotes British Columbia agrifoods at home and abroad

Building domestic and international markets for B.C. foods are key commitments in *B.C. AGRIFOODS: a strategy for growth*. In August 2012, the Ministry announced a $2 million investment to help B.C. farmers and food processors launch or expand customized marketing campaigns to promote local foods. By March 2013, 39 industry-led projects had been approved for funding under the program. In 2013-14, this cost-shared program could leverage a total investment of $6.5 million to expand the domestic market for B.C. foods. The Ministry also continued to grow a dedicated community of interest to support local markets via FoodsBC and BCSeafood on Facebook and Twitter.

The Ministry strengthened the international market presence of B.C. foods by leveraging the strength of the New West Partnership with Alberta and Saskatchewan to showcase B.C.'s agrifood products to buyers, distributors and importers across Asia during a trade mission in September 2012. In addition to meeting with influential government bodies to discuss market access issues for B.C. cherries and blueberries, the Ministry also promoted greenhouse vegetables, beef and wine during trade events in Hong Kong, China, Japan and South Korea. To support the longer-term development of new markets for B.C.'s agrifood products in Latin America and India, the Ministry supported an incoming food journalist mission from Mexico as well as the 2012 Canada-India Agriculture and Food Processing Forum.

Provincial and Federal governments enhance agricultural sector stability through risk management programming

B.C. worked with the Federal Government to provide $37 million in payments to B.C. farmers and ranchers in various risk-management programs in 2012. In September of 2012, Canada and B.C. agreed to changes to AgriStability and AgriInvest *(http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1360758667650&lang=eng)* which would reduce program payments beginning in 2013. The savings would be shifted from these programs into programs that would allow the sector to develop private risk management tools as well as other strategic initiatives related to innovation, competitiveness and market development.

Agricultural Land Commission increases oversight of the Agricultural Land Reserve

In 2012/13 the Commission conducted part of an East Kootenay boundary review and provided compliance and enforcement services throughout B.C. It also continued to build partnerships with local governments and provincial ministries, pursued proactive planning work with local governments and undertook digital conversion and mapping which improved the capacity to evaluate the collective impacts of decisions on applications. Through coordinated multi-ministry enforcement, the B.C. government also increased the number of B.C. government officials authorized to investigate and respond to Agricultural Land Reserve violations. The Commission works closely with farmers, ranchers and agricultural organizations to preserve agricultural land and encourage farming. The February 2013 Budget provided $2.9 million for 2013/14 operations to support the Agricultural Land Commission's (the Commission) increased oversight of the Agricultural Land Reserve.

Province amends the Prevention of Cruelty to Animals Act to enhance animal welfare

As a result of legislative changes to the *Prevention of Cruelty to Animals Act*, British Columbians may appeal certain animal seizure decisions made by the BC Society for the Prevention of Cruelty to Animals (the Society) directly to the BC Farm Industry Review Board (the Board) instead of having to take the matter to court. These changes were brought into force March 20, 2013.

The Board will only hear appeals concerning disputes that the Society and the animal owner were unable to resolve following the Society's own 28-day internal review process or disputes over costs. After an appeal has been heard, the Board may require the animal to be returned to its owner or allow the Society to determine the disposition of the animal. The Society may also confirm or vary the amount of costs that the animal owner owes the Society for its care of the animal.

The Board is an established and experienced independent tribunal, empowered to hear appeals under the *Natural Products Marketing Act*, the *Agricultural Produce Grading Act* and the *Farm Practices Protection Act*.

The Board reports to the Minister of Agriculture in matters of administration, but is independent of government in decision-making.

Agricultural Land Use Inventories help effective land and water use planning

The Ministry's Agricultural Land Use Inventories provide local governments with detailed data on land use in farming areas within their jurisdiction and provide information needed for effective land and water use planning. The Ministry, for example, used the data to estimate Metro Vancouver's agricultural water use for current and future scenarios, and considered climate change in its modelling. Many of B.C.'s watersheds are, or will be, fully allocated in the next 15 - 20 years. This estimate and similar work in other watersheds will help set aside appropriate water reserves to ensure the viability of agriculture now and into the future.

A busy year in B.C. fisheries

The Ministry co-ordinated B.C.'s participation in the Cohen Commission Inquiry into the decline of the Fraser River Sockeye and the Minister accepted the intent of the recommendations directed at the Province in a formal response dated March 22, 2013. Ministry staff contributed to the successful re-negotiation of the halibut, hake, albacore tuna and Pacific salmon treaties in 2012 and 2013. B.C. hosted the annual meeting of the Canadian Council of Fisheries and Aquaculture Ministers in Victoria in September 2012 and our presentations highlighted B.C. innovations in closed containment aquaculture, cabled oceanographic observatories and remote fisheries monitoring technology.

The chum salmon fisheries became the eighth B.C. fishery to achieve Marine Stewardship Certification for sustainability. This certification is critical for market access. Building on the quality of seafood produced in the province, B.C. companies and Ministry staff continued to promote B.C. seafood and the sustainability of our fisheries at the Brussels, China and Boston Seafood Expositions in 2012 and 2013.

Purpose of Ministry

The Ministry of Agriculture supports an innovative, adaptive, globally competitive and socially and environmentally responsible agrifoods sector valued by all British Columbians. The Ministry's support of healthy and safe agrifood and seafood production and post-production processing provides new and value-added products for domestic and international markets, contributing to B.C. jobs and the economy as well as to diversified rural communities. The Ministry champions the agrifoods sector by:

- supporting practices that promote adaptable, sustainable and competitive agrifoods production;
- ensuring, in partnership with the Ministry of Health and the Federal Government, a regulatory system that promotes animal and plant health and food safety which includes developing a provincial meat inspection program for provincially licensed abattoirs. This system will be implemented by January 1, 2014;
- enabling entrepreneurship and responsiveness by delivering programs that allow farm businesses to manage the financial risks posed by severe events beyond their control;
- providing guidance and funding to the sector to increase market development;
- supporting the agricultural industry's contribution to the green economy;
- working with other ministries, federal partners and other governments, stakeholders and industry to ensure B.C. has sustainable marine fisheries; and
- working to balance agricultural/urban interests.

The Ministry works closely with organizations such as the Agricultural Land Commission and the BC Farm Industry Review Board. The Agricultural Land Commission is an administrative tribunal that oversees the Agricultural Land Reserve, a provincial land-use zone that recognizes agriculture as a priority use. The Agricultural Land Commission operates independently, but is funded through the Ministry. Similarly, the BC Farm Industry Review Board is an administrative tribunal funded by the Ministry but which operates independently as the general supervisor of commodity boards and commissions and in hearing regulated marketing appeals, grading appeals, farm practices complaints and conducting farm practices studies.

The Ministry also collaborates with the Federal Government, other provincial ministries, local governments, First Nations, industry and non-governmental organizations in terms of funding and service delivery. The mandates of these bodies connect in a variety of key areas such as trade, climate change, innovation, resource management coordination, food safety and quality, support for local food, commitments to First Nations, animal and plant health, pest management, environmental issues and promotion of B.C. agrifood products.

Management and regulation of agriculture is also a shared jurisdictional interest of both the Federal and Provincial governments. The Ministry and the industry receive considerable financial support from federal cost-shared programs. The new federal/provincial/territorial agricultural policy framework agreement, *Growing Forward 2*, is expected to bring about $255 million of federal funding to B.C. between April 1, 2013 and March 31, 2018. Business Risk Management programming is expected to account for about $186 million of the funding, depending on program demand. The remaining $69 million will support Strategic Initiative programming with funds targeting sector innovation, competitiveness, access to markets, adaptability and industry capacity.

Management and regulation of capture fisheries and aquaculture is also a shared jurisdictional interest of both the Federal and Provincial Governments. The Federal Government has primary responsibility for the conservation of wild fish stocks and appropriate management of wild fisheries and aquaculture, both finfish and shellfish. The Ministry interests have a twofold focus: ensuring sustainability of fisheries and environment and maximizing the economic and social benefit of fisheries for the people of B.C. The Ministry works with Fisheries and Oceans Canada to ensure appropriate fisheries management practices which support a sustainable industry, and works closely with industry to encourage sector innovation, competitiveness and market access. The Ministry also cooperates with other federal and provincial agencies on food safety issues, and environmental protection.

The legal and regulatory environment that guides the work of the Ministry includes 31 statutes which relate wholly or partly to the Ministry and a further 73 regulations relating to the Ministry. A complete list of legislation for which the Ministry is responsible is available at *http://www.leg.bc.ca/procs/allacts/agric.htm*.

Strategic Context

The Ministry of Agriculture works to promote an innovative, adaptive and globally competitive agrifoods sector for the benefit of all British Columbians. The agrifoods sector - which includes agriculture, fisheries, aquaculture and processing - is an important and successful contributor to the B.C. economy and has responded vigorously to challenges and opportunities.

Ministry staff, including the BC Farm Industry Review Board and the Agricultural Land Commission, number over 300. Two new positions were added in 2012/13 to manage the meat inspection process and a further 41 position will be added in 2013/14 to deliver this program and support meat inspection. Staff members include veterinarians, microbiologists, virologists, Professional Agrologists and Engineers, planners, production and food science/processing industry specialists, business analysts and economists, as well as an array of other technical, business, administrative and financial experts. As a natural resource focused ministry, staff use their research, knowledge and their professional training in conjunction with on-site field observations and client contact to identify opportunities and avoid or mitigate risks. This section provides a summary of some external factors and trends affecting the Ministry's activities.

Global economic outlook

British Columbia's real GDP increased by 1.7 per cent in 2012 (according to preliminary GDP by industry data from Statistics Canada), following growth of 2.8 per cent in 2011. Annual gains in the domestic economy during 2012 were observed in employment, consumer spending and housing starts. B.C.'s exports fell during the year, however, as global demand weakened and prices fell for some key commodities. Several risks to British Columbia's economy remain, including further slowing of domestic economic activity, renewed weakness in the US economy, the ongoing European sovereign debt crisis threatening the stability of global financial markets, exchange rate volatility, and slower than anticipated economic growth in Asia dampening demand for B.C.'s exports.

National and Provincial Factors

By 2030, Canada is expected to be one of only a handful of countries exporting more food than it imports. In 2012, B.C. agrifoods exports went to over 130 markets and represented $2.5 billion in economic activity in B.C. As Canada's Pacific Gateway, this means continued opportunities for B.C. to export agrifoods products.

Over the past several years, B.C.'s agrifoods sector has faced several changes affecting its competitiveness and profitability. A strong Canadian dollar and the high costs of energy and other inputs have placed downward pressure on the agrifoods sectors. The sector competes in international markets where Canada is now negotiating bilateral and multilateral agreements. International and national competitors, with similar or lower cost structures and larger economies of scale, will likely continue to squeeze profit margins for B.C.'s producers and processors. In the agrifoods sector, where over 85 per cent of the seafood is destined for the export market,

there is a strong focus on maintaining access and competitive advantage in global markets, necessitating quick responses to changing market opportunities. In 2012, B.C.'s agricultural, fisheries, aquaculture and processing sectors provided almost 62,000 jobs and $11.7 billion in annual revenue.

The new *Growing Forward 2* federal/provincial/territorial agreement provides joint Canada/B.C. funding for strategic initiatives and business risk management programming for B.C.'s agrifoods sector. Business Risk Management programs are in place to help farmers manage risks from income declines resulting from causes such as drought, flooding, low prices, and increased input costs. The programs work together by providing protection for different types of losses, as well as cash flow options.

B.C.'s farmers are among the oldest in Canada. That, coupled with high land prices make succession planning very important for continued success of the sector. Some of the *Growing Forward 2* programming can help producers make informed choices for future operations.

Capitalizing on B.C.'s reputation for safety and quality

B.C. has an enviable reputation as a leader in the production and processing of a wide range of safe, high-quality agrifoods products. With over 200 commodities produced in the Province, B.C. will continue to be seen as a provider of attractive and safe products in many markets.

Growing focus on buying locally produced products

B.C. enjoys a domestic market with the largest population of the four western provinces. Growing support in B.C. for locally-produced food is leading to changes in eating habits and consumer choices. These changes have contributed to the number of farmers' markets across B.C. increasing from about 100 to almost 150 with total direct sales also increasing by approximately 150 per cent between 2006 and 2012. Local seafood is available through many farmers' markets as well as through dockside sales in coastal communities.

Increasing Innovation

Innovation leads to tangible benefits for producers, processors and the citizens of B.C. An innovative sector is one that continually develops and adopts new products and practices to remain competitive and sustainable. The new *Growing Forward 2* agreement provides increased and focussed funding for innovation. These funds will support innovation that could increase productivity, reduce costs, advance sustainability and lead to the development and commercialization of new products, processes and practices that will make the sector more competitive.

Agricultural/Urban Interactions

A large portion of B.C.'s most productive farmland is near urban development. This can lead to tensions over odour, noise and dust as well as competing demands for water. The Ministry works with producers and communities through the Strengthening Farming Program to improve agricultural awareness, ensure agriculture in considered in local government planning processes

and proactively address farm practice conflicts. The BC Farm Industry Review Board also hears complaints and provides impartial resolution to disputes related to these issues. The Agricultural Land Commission assists farm families and contributes to the sector's overall sustainability by ensuring that land is retained in the Agricultural Land Reserve and that appropriate use is made of land in the Reserve.

Resource Management Collaboration and Coordination

When Government's structure to manage Crown land and natural resources was reconfigured in the spring of 2011, it created an improved arena for coordination and integration. Under the direction of the Natural Resource Board, the natural resource sector ministries are making bold changes to service delivery in the natural resource sector. This sectoral approach promotes streamlined authorization processes and enhanced access to public services across B.C.

The Ministry of Aboriginal Relations and Reconciliation remains responsible for the overarching Crown-First Nations relationship as well as consultation policy and supports all natural resource sector ministries on strategic consultation issues such as proposed policy or legislative changes. Through its New Relationship with First Nations, this Ministry, along with government as a whole, remains committed to constructive consultation with Aboriginal peoples on socio-economic issues and opportunities.

Report on Performance

Performance Results Summary Table

Goal 1: Agriculture and food sectors contribute positively to the economic diversity and well-being of the Province For greater detail see pages 16 to 19	2012/13 Target	2012/13 Actual
1.1 A sustainable agriculture and food sector Ratio of administration costs to premiums for Production Insurance	20:80	16:84 EXCEEDED
1.2 Strategic growth and development of the agriculture and food sector Annual revenue growth in agriculture, seafood, food and beverage sectors		
• Crops	1% growth	5% growth EXCEEDED
• Livestock	2% growth	4% growth EXCEEDED
• Seafood	maintain landed value	1% decline NOT ACHIEVED
• Food and Beverage Manufacturing Shipments	3% growth	5% growth EXCEEDED

Goal 2: World leading environmental stewardship practices in the agriculture and food sectors For greater detail see pages 19 to 22	2012/13 Target	2012/13 Actual
2.1 Effective management of environmental risks in agriculture and food sectors Number of Beneficial Management Practices projects funded by Growing Forward incentive program	200	242 EXCEEDED
2.2 Sustainable agriculture management practices that assist successful adaptation to climate change Cumulative tonnes of carbon dioxide equivalent emissions reduced or averted from actions supported by Ministry programs	34,000	90,788 EXCEEDED

Goal 3: Community and social well-being is enhanced by agriculture and food sector practices For greater detail see pages 22 to 24	2012/13 Target	2012/13 Actual
3.1 Promote a positive urban/agriculture relationship to facilitate sustainable growth for farms while enhancing the overall quality of life for British Columbians Number of agriculture area plans completed	48	52 EXCEEDED
3.2 Animal, plant and human health are safeguarded Percent of routine (diagnostic) animal and plant samples completed within seven working days	85%	85% ACHIEVED

Goals, Objectives, Strategies and Performance Results

The Ministry's *2012/13 Service Plan* was organized around three long-term goals:

- Agriculture and food sectors contribute positively to the economic diversity and well-being of the Province;
- World leading environmental stewardship practices in the agriculture and food sectors; and
- Community and social well-being is enhanced by agriculture and food sector practices.

Goal 1: Agriculture and food sectors contribute positively to the economic diversity and well-being of the Province.

Objective 1.1: A sustainable agriculture and food sector.

The Ministry supports sector profitability and self reliance through programs and services that provide farmers with tools to adapt and sustain their businesses in the face of environmental and market risk.

Strategies

- Promote, deliver and improve national business risk management programs and services.
- Provide strategic business development leadership and build business management awareness, intelligence, and capacity within the agriculture and food sector.
- Continue to implement and monitor the recommendations of the Ranching Task Force to improve the competitive environment of B.C.'s ranching sector.

Performance Measure 1: Ratio of administration costs to premiums for Production Insurance.

Performance Measure	2010/11 Actual	2011/12 Actual	2012/13 Target	2012/13 Actual
Ratio of administration costs to premiums for Production Insurance[1]	20:80	20:80	20:80	16:84 EXCEEDED

Data Source: Ministry of Agriculture.

[1] Administration cost includes both fix and variable costs.

Discussion of Results

This measure indicates efficiency of government's delivery of the Production Insurance program by comparing administrative cost ratios to those of the private sector. Production Insurance in Canada is delivered by provincial administrations.

Ministry staff members regularly evaluate field conditions across the province. Here staff members are looking at the impact of wildlife on a creeping red fescue stand in the Peace.

Production Insurance administrative costs vary widely between provinces. Provinces with diverse types of crops and relatively low farm cash receipts, such as B.C., tend to have relatively higher program costs than provinces with homogeneous crop production and higher farm cash receipts. The value of the crops produced is also significant when considering administrative costs. Production Insurance, as with all insurance, must incur administrative costs to protect the program from abuse and adverse selection. Failure to do so results in high claim rates which cause higher producer premiums and overall program costs. At the national level, three different administrative cost measures are used for comparative purposes: administrative costs to premiums received; administrative costs to value of coverage; and administrative costs per contract.

Ministry Response

B.C. chose to report internally against a target ratio of 20:80, administrative costs to premiums. B.C. selected this ratio because it is most comparable to the private sector. The private sector ratio for most insurance products ranges between 25 and 30 per cent. The target represents an appropriate balance for B.C. between efficiency and resource requirements to protect the integrity of the program. This year, administrative costs were slightly reduced, so the 16:84 ratio of administrative costs to premiums exceeded the target.

Objective 1.2: Strategic growth and development of the agriculture and food sector.

The Ministry promotes growth in the agriculture and food sector through programs that foster innovation, competitiveness and improve market access.

Strategies

- Expand domestic and international markets for B.C. agrifoods products.
- Undertake initiatives to enhance the competitiveness and sustainability of B.C.'s seafood products in domestic and international markets.
- Assist producers and processors to capitalize on new market share opportunities.

- Support innovative product and process development, commercialization and adoption.
- Enable production and use of renewable energy and development of biorefineries.

Performance Measure 2: Annual revenue growth in agriculture, food and beverage sectors.

Performance Measure	2010/11 Baseline[1]	2010/11 Actual[2]	2011/12 Actual[3]	2012/13 Target	2012/13 Actual[4]	2012 Annual Actual[5]
Annual revenue growth in agriculture, food and beverage sectors	Crops $1.135 billion	$1.169 billion	$1.211 billion	1% growth in farm cash receipts[6] $1.223 billion	5% growth in farm cash receipts $1.274 billion EXCEEDED	8% growth in farm cash receipts $1.362 billion
	Livestock 1.242 billion	$1.263 billion	$1.273 billion	2% growth in farm cash receipts[6] $1.298 billion	4% growth in farm cash receipts $1.318 billion EXCEEDED	7% growth in farm cash receipts $1.393 billion
	Seafood $0.714 billion	$0.759 billion	$0.793 billion	maintain landed value $0.793 billion	1% decline in landed value $0.785 billion NOT ACHIEVED	18% decline in landed value $0.669 billion
	Food and beverage manufacturing shipments $6.794 billion	$6.961 billion	$7.205 billion	3% growth in value of shipments for food and beverage $7.425 billion	5% growth in value of shipments for food and beverage $7.597 billion. EXCEEDED	3% growth in value of shipments for food and beverage $8.176 billion.

Data Source: Statistics Canada, Seafood Industry Year in Review

Discussion of Results

This measure reflects the growth in revenues by the agrifoods sector by monitoring the three year rolling average value of farm cash receipts for crops and livestock, the landed value of seafood, and the value of shipments from B.C. food and beverage processors. Revenue is an indicator of

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[1] Based on three year average of 2007-2009 calendar year data.
[2] Based on three year average of 2008-2010 calendar year data.
[3] Based on three year average of 2009-2011 calendar year data
[4] Based on three year average of 2010-2012 calendar year data. B.C. beverage manufacturing shipments for 2012 are estimates as data for July through December 2012 were not released for reasons of confidentiality
[5] Based on 2011 and 2012 annual data. B.C. beverage manufacturing shipments for 2012 are estimates as data for July through December 2012 were not released for reasons of confidentiality.
[6] Farm cash receipts include the revenues that farmers generate from the market place when they sell their crops and animal products, combined with the monies received in direct payments from the various programs in which they participate (e.g. crop insurance).

the contribution of B.C.'s agrifoods industries to the provincial economy. Targets are based on the average annual rate of change in revenues.

Estimates for 2012 indicate growth in B.C.'s crop receipts. Influencing factors were the worst drought in the United States in 30 years which reduced grain supplies and gave rise to record high prices for B.C. canola, oats and wheat; severe spring frost damage in the Eastern North American apple crop resulted in improved B.C. apple prices; and favourable growing and harvesting conditions coupled with additional acreage coming into production resulted in record B.C. blueberry and cranberry production levels.

Estimates for 2012 also indicate an increase in B.C.'s livestock receipts. Primary contributors to the increase include higher prices and marketings in cattle, calves and poultry, combined with higher marketings in dairy and hogs.

Estimates for the 2012 landed value of B.C. seafood indicates a decline. B.C. seafood products are primarily exported and the increases in herring and shellfish harvests and values were not sufficient to offset the reduced harvest levels in salmon and tuna, coupled with lower global market prices.

Ministry Response

The objective of reporting the average of the three most recent years' revenues was to even out the peaks and troughs that are common in industries such as agriculture and fishing where weather, disease and the cyclical nature of wild fisheries can affect harvest levels and prices. In 2012/13, the crop and livestock receipts as well as food and beverage manufacturing shipments were slightly higher than the Ministry target and seafood landed values were one percent below the Ministry's target growth.

There is no **Performance Measure 3** as it was not included in the *Ministry of Agriculture 2012/13 – 2014/15 Annual Service Plan.*

Goal 2: World leading environmental stewardship practices in the agriculture and food sectors.

Objective 2.1: Effective management of environmental risks in agriculture and food sectors.

The Ministry supports the agriculture and food sectors to proactively address environmental risks and the impacts of climate change.

Strategies

- Provide programs and activities to identify and address critical agricultural environmental issues and adoption of best management practices.

- Support local governments, as well as the agriculture and food sectors to prepare for and recover from environmental disasters.

Performance Measure 4: Number of Beneficial Management Practices projects funded by the *Growing Forward* agreement.

Performance Measure	2010/11 Actual	2011/12 Actual	2012/13 Target	2012/13 Actual
Number of Beneficial Management Practices projects funded by *Growing Forward* incentive program [1]	331	440	200	242 EXCEEDED

Data Source: ARDCorp reports and agreements. 1. Canada-British Columbia *Growing Forward* agreement (2008-2013), including the Continuity Year agreement 2008/2009. Access to the Beneficial Management Practices program is via the voluntary and confidential Environmental Farm Plan. Producers must have a valid Environmental Farm Plan to access the program.

Discussion of Results

This measure provides an indication of the response of farmers to environmental risks on their farms. The measure counts the number of farms initiating funded beneficial management practices targeted at specific agri-environmental risks. Program funding is budgeted on a declining level within the *Growing Forward* agreement. Caps, cost-shares and types of eligible projects are reviewed and adjusted annually.

The projects funded by the *Growing Forward* incentive program all link to the adoption of beneficial management practices identified in approved environmental farm plans. These projects focus on minimizing the farm impact on water quality, water quantity and climate change.

Ministry Response

As 2012/13 was the last year of the *Growing Forward* agreement, when programs typically see fewer projects completed, a target of funding 200 Beneficial Management Practices was set. Due to increased public interest in environmental issues, producers continue to recognize the value of implementing beneficial management practices and interest in the program has grown. Permitting funding applications to be submitted in January 2012 rather than April meant that clients could initiate projects earlier. This allowed the Ministry to contribute funding to 242, rather than the targeted 200, Beneficial Management Practice projects in 2012/13.

Objective 2.2: Sustainable agriculture management practices that assist successful adaptation to climate change.

The Ministry supports the efforts of industry to develop innovative products, tools and processes to mitigate greenhouse gas emissions and adapt to climate change.

Strategies

- Promote opportunities for carbon sequestration and encourage improved environmental practice initiatives in agriculture.
- Support the Province's climate change goals by identifying, researching and developing market opportunities for the agriculture and food sector.
- Support improvements in the efficiency of water and energy use by the agriculture and food sector.

Performance Measure 5: Cumulative tonnes of carbon dioxide equivalent (CO_2e) emissions reduced or averted from actions supported by Ministry programs.

Performance Measure	2008/09 Baseline[2]	2010/11 Actual	2011/12 Actual	2012/13 Target[3]	2012/13 Actual[4]
Cumulative tonnes of carbon dioxide equivalent (CO_2e) emissions reduced or averted from actions supported by Ministry programs [1]	19,000	48,000	68,000	34,000	90,788 EXCEEDED

Data Source: Ministry of Agriculture; Pacific Carbon Trust.

[1] Includes the number of offset tonnes of CO_2 equivalent emissions retired or purchased by the Pacific Carbon Trust each year in emissions reduction projects from the agricultural sector (for example, energy efficiencies recognized in the greenhouse industry). Carbon offsets are measured as one metric tonne of carbon dioxide equivalent (CO_2e).

[2] The 2008/09 baseline is based on 2008 calendar year.

[3] The 2012/13 target was developed before 2011/12 data were available.

[4] Includes estimated purchases of 22,788 tonnes in 2012/13.

Discussion of Results

This measure indicates the success of the Ministry and other provincial agencies in encouraging agriculture related businesses to implement innovations or practices which reduce greenhouse gas emissions.

The Pacific Carbon Trust is a provincial Crown Corporation with a mandate to deliver B.C. based greenhouse gas offsets to help clients meet their carbon reduction goals and to support growth of the carbon industry in B.C.

The B.C. carbon market has developed since the 2012/13 target was established and the cumulative emission reductions have been larger than previously anticipated. The emissions reductions come primarily from four carbon offset projects: Katatheon Farms in Langley, Sun Select Farms in Delta, Quik's Farm in Chilliwack and Randhawa Farms in Abbotsford. These projects are a mix of energy efficiency and fuel switching initiatives.

Ministry Response

Pacific Carbon Trust does not currently have contracts with proponents in the agricultural sector beyond 2012/13, but a new Greenhouse Growers Offset Protocol has been worked on by Pacific Carbon Trust, Ministry of Environment, Ministry of Agriculture, and the B.C. Greenhouse Growers' Association. The Ministry will continue to engage with both the Trust and the agricultural industry to promote greenhouse gas emission reduction and carbon offsets. The Ministry will also continue to integrate climate change adaptation into policies and programming and to support adaptation and resilience in the agriculture sector. Please note that the actual 2012/13 data are substantially higher than targeted as the 2012/13 target was developed before 2011/12 data were available.

Goal 3: Community and social well-being is enhanced by agriculture and food sector practices.

Objective 3.1: Promote a positive agricultural /urban relationship to facilitate sustainable growth for farms while enhancing the overall quality of life for British Columbians.

Agriculture activity depends on good relations with local government and community members. With only 1.5 per cent of British Columbians living on farms, it has become increasingly important for local government to keep in touch with farm and ranch communities to help facilitate support for the agriculture sector. While preservation of agricultural land in B.C. is overseen by the Agricultural Land Commission, the Ministry aims to support the Commission by promoting a positive agricultural/urban environment to ensure farmers can continue to farm in farming areas.

Strategies

- Promote a positive regulatory climate with local government to support the sector across British Columbia.
- Build a greater understanding of agriculture's contribution to the community through proactive communication strategies.
- Support the Agricultural Land Commission to fulfill its mandate to preserve agricultural land for future generations of farm and ranch families.
- Expand domestic market opportunities through local food initiatives.

Performance Measure 6: Number of agriculture area plans completed.

Performance Measure	2010/11 Actual	2011/12 Actual	2012/13 Target[2]	2012/13 Actual[3]
Cumulative number of agriculture area plans completed[1]	37	49	48	52 EXCEEDED
Number of agriculture area plans completed per year	N/A	12	N/A	4

Data Source: Ministry of Agriculture

[1] Numbers are cumulative.

[2] 2012/13 target was established before the 2011/12 data were available.

[3] 2012/13 actual exceeds the target by 4, but only exceeds the 2011/12 actual by 3.

Discussion of Results

This measure provides an indication of how capacity is being built within farm communities to influence issues that affect agriculture. An agricultural area plan focuses on a community's farm area to discover practical solutions to issues and to identify opportunities to strengthen farming. Key stakeholders prepare the plan, which includes strategies for economic development, joint marketing and processing, agri-tourism and proposals for by-law amendments to support agriculture. Relevant parts of the Agricultural Area Plan become a subset of the official community plan.

Ministry Response

The 2012/13 target of 48 completed agricultural area plans was set before the 2011/12 actual number of completed agricultural area plans were available. By March 31, 2013, there were 52 completed agricultural area plans throughout B.C., with at least nine more underway. Speed of completing a plan depends on diverse variables such as funding and availability of stakeholders to provide input into the plan.

Objective 3.2: Animal, plant and human health are safeguarded.

The Ministry, in partnership with other government agencies, delivers services and initiatives to effectively manage food safety, plant, and livestock health risks contributing to positive public health and to maintaining consumer confidence.

Strategies

- Implement and deliver comprehensive, provincial level programs for animal and plant health that manage the risks of disease and invasive species, and support public health and national programs.
- Support the health of British Columbians by increasing awareness and adoption of food safety programs and practices.
- Continue to work with government and industry groups to identify and implement traceability and biosecurity strategies that will reduce the risk of foreign animal disease incursions and outbreaks.
- Review the Province's animal health policy and legislation to further public health and safety and secure the sector's market potential.

Performance Measure 7: Per cent of routine (diagnostic) animal samples completed within seven working days.

Performance Measure	2010/11 Actual	2011/12 Actual	2013/13 Target	2012/13 Actual
Per cent of routine (diagnostic) animal samples completed within seven working days[1]	85%	85%	85%	85% ACHIEVED

Data Source: Ministry of Agriculture

[1] Samples tested in-house and not referred to another laboratory. Diagnostic tests require minimum times to complete, depending on the nature of the test.

Discussion of Results

The Animal Health Centre (the Centre) is a veterinary diagnostic laboratory located in the Abbotsford Agriculture Centre. The mandate of the Centre is to diagnose, monitor and assist in controlling and preventing animal disease in B.C. Although primarily concerned with food producing animals, the Centre also provides diagnostic services for companion animals, wildlife, zoo animals and marine mammals. Submissions are made to the laboratory by veterinarians, livestock producers, government agencies, humane societies, zoos, aquariums and members of the public. The Centre offers a wide range of veterinary laboratory tests on a fee basis to diagnose disease and other causes of poor production or mortality in animals. Samples from wildlife, marine mammal and the BC Society for the Prevention of Cruelty to Animals investigations are also regularly submitted to the Centre for examination and diagnostic testing.

Report on Resources: Summary Table

Core Business Area	2012/13 Estimates [1]	Other Authorization	Total Estimates	Actual	Variance
Operating Expenses ($000)					
Agriculture Science and Policy [2]	9,968	2,538	12,506	12,049	457
Strategic Industry Partnerships [3]	34,629	(180)	34,449	35,041	(592)
BC Farm Industry Review Board	896	-	896	1,063	(167)
Executive and Support Services [3]	6,821	(3)	6,818	5,326	1,492
Sub Total	**52,314**	**2,355**	**54,669**	**53,479**	**1,190**
Agricultural Land Commission [4]	1,974	858	2,832	2,832	-
Production Insurance Special Account (Net)	11,500	(1,800)	9,700	8,724	976
Adjustment of Prior Year Accrual	-	-	-	(768)	768
Total	**65,788**	**1,413**	**67,201**	**64,267**	**2,934**
Ministry Capital Expenditures (Consolidated Revenue Fund) ($000)					
Executive and Support Services	290	-	290	281	9
Total	**290**	**-**	**290**	**281**	**9**
Other Financing Transactions ($000) [5]					
Agriculture Credit Act	6	-	6	-	6
Total Receipts	6	-	6	-	6
Total Disbursements	-	-	-	-	-
Total Net Cash Source (Requirements)	**6**	**-**	**6**	**-**	**6**

[1] "Estimates" amount corresponds to the Estimates as presented to the Legislative Assembly in March 2012.

[2] "Other Authorizations" include transfer of $2.638 million to the Ministry of Agriculture for the Meat Inspection program from the Ministry of Health, in September 2012 and $0.100 million (rounded up from $0.075 million) from the Ministry of Agriculture to the Ministry of Forests, Lands and Natural Resource Operations, for a total net transfer in of $2.538 million.

[3] "Other Authorizations" include transfers of the Range Policy program to the Ministry of Forests, Lands and Natural Resource Operations.

[4] "Other Authorizations" include approved access to Contingencies for the Transitional Funding in Agricultural Land Commission.

[5] "Receipts represent principal repayments on outstanding loans issued under the *Agriculture Credit Act* which was terminated on March 31, 1995. The *Miscellaneous Statutes Amendments Act*, 2003, provides the provisions for the loan repayments.

Annual Service Plan Report Appendices

Appendix A: Ministry Contact Information

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For more information about the Ministry of Agriculture, including full contact information, visit our website at: www.gov.bc.ca/agri/